



i&M Burbidge Capital



**MARKET
UPDATE BULLETIN**

18th June 2020



Foreword & Insight

Foreword

Facing an unprecedented public health crisis with the novel coronavirus (COVID – 19) outbreak, I&M Burbidge Capital has created a resource that gives insight to the impact of the pandemic across the regional markets and economies. We present a selection of the top stories making headlines in the private capital markets as well as market data and corporate developments.

Quote of the day

"High expectations are the key to absolutely everything."
– Sam Walton

PART I : DEALS & CORPORATE DEVELOPMENTS

18th June 2020

Kenya

Deals

EIB mulls USD 17 Million investment in African fund

The European Investment Bank has disclosed it is considering a USD 17 million equity participation in the Women's Development Business Equity Fund LP. The fund has a target size of about USD 170 million and will focus on investing in women-owned or led companies in South Africa, Lesotho, Botswana, Namibia, Swaziland and to a lesser extent Ghana and Kenya.

Source: African Reuters

StanChart to fund five women-led tech firms

Standard Chartered is set to fund five local women-led tech businesses with KES 1 million each to support their future growth. The startups were selected from a group of 380 companies in the Women in Tech program competition initiated by Standard Chartered in partnership with Strathmore University's business incubator, @iBizAfrica. The companies to benefit include Soul Food, Taste Afrique, BenaCare, Nature's Touch and Arbes Biotech that have been able to scale their operations with the aid of technology.

Source: Business Daily

Corporate

I&M ranked top in Q1 as banks profits seen falling

I&M Bank has been ranked top performer on operational metrics such as loan book quality in a first quarter report by Cytonn Investment that warns of a possible fall in sector profits for the full year. I&M leapfrogged KCB to first position as Co-op Bank climbed to second position from the third position it occupied last December. The rise by the two banks was mainly on improved non-performing loans (NPLs) ratio.

Source: Business Daily

Regional

Economy

African free trade zone launch moved to January over pandemic lockdowns

Commencement of trade under the African Continental Free Trade Agreement (AfCFTA) has been pushed to a tentative date in January next year. The African Union Commission's original date of July 1 is considered untenable due to the Covid-19 pandemic.

Source: The East African

Corporate

CDC Group signs partnership memorandum with Rwanda Finance

CDC Group, the UK's development finance institution and impact investor, has signed a partnership agreement with Rwanda Finance to support the development of a new international financial capital for Africa. The Kigali International Financial Center (KIFC) is intended to be a world-class financial hub, designed to promote inward investment and the creation of thousands of highly skilled financial sector jobs for the benefit of Rwanda and the African continent.

Source: African Private Equity News

PART II: TREASURY UPDATE

17th June 2020

LOCAL MARKET

The Kenyan Shilling made some marginal gains against the Dollar on Wednesday to close at 106.10/106.60. The NSE 20 share index edged lower by 21.19 points to close at 2,004.36 while in the secondary market, bonds worth KES 1.2 billion were transacted.

INTERNATIONAL MARKET OVERVIEW

The Dollar edged lower on Wednesday as fears of a spike in Covid-19 cases were reported in some U.S states. The currency was also hit by negative statements from the Federal Reserve Chair Jerome Powell who said that the economy is still far from recovery. EUR was steady to close at 1.123 as data showed that year-on-year Euro-Zone Core CPI and Euro-Zone CPI was steady at 0.9% and 0.1% respectively. However, the month-on-month Euro-Zone CPI dipped to -0.1% from 0.3%. Euro-Zone CPI measures the changes in the price of goods and services from the perspective of the consumer. GBP was lower by 0.3% to close at 1.2541 on the back of negative data. The year-on-year core CPI and CPI both dipped to 1.2% from 1.4% and 0.5% from 0.8% respectively. The year-on-year U.K PPI input and PPI output also dipped to -10.0% from 9.8% and -1.7% from 0.7% respectively. The PPI input measures the change in the price of goods and raw materials purchased by manufacturers while the PPI output measures the fluctuations in the prices of goods produced by UK manufacturers.

In the US stock market; the Dow Jones Industrial Average edged lower by 170.37 points to close at 26,119.61; the S&P 500 shed 11.25 points to close at 3,113.49 while the Nasdaq Composite edged higher by 14.66 points to close at 9,910.53.

Source: I&M Bank Limited

PREVAILING TREASURY BILLS YIELD & INFLATION

Country				
91 Day T-Bill	7.259	8.300	3.048	6.510
182 Day T-Bill	8.058	9.300	3.601	7.000
364 Day T-Bill	9.030	12.350	4.524	8.273
Inflation Data	5.47	2.80	3.20	9.20

KES INDICATIVE EXCHANGE RATES AT MARKET OPEN

Currency	Country	Bank Buy	Bank Sell
USD		105.40	106.70
GBP		130.80	135.00
EUR		117.00	121.00
CHF		110.20	113.30
JPY		0.9800	1.0020
ZAR		5.60	6.60
INR		-	1.4130
CNH		-	18.05
RWF		5.00	12.00

INDICATIVE DEPOSIT RATES

Fixed period	1M	3M	6M	1Yr
KES (50,000< 5 Million)	6.25	6.50	7.00	7.25
KES (Above 100 Million)	6.75	7.50	8.00	8.50
USD (Above 500,000)	1.75	2.25	2.75	3.00
EUR (Above 500,000)	0.75	1.25	1.25	1.50
GBP (Above 500,000)	0.25	0.50	0.50	0.50

COMMODITY PRICES

	Unit	Close
Aluminum	USD/MT	1,607.50
Murban Crude Oil	USD/barrel	34.83
Coffee	US Cents/lb.	98.15
Wheat	US Cents/Bushel	493.00
Corn	US Cents/Bushel	336.25



PART III: EQUITIES AND BOND TRADING

17th June 2020

MARKET COMMENTARY

The NSE All Share and the NSE25 share indices recorded gains of 0.11% and 0.39% on Wednesday to close at 144.90 and 3,340.23 basis points respectively. The NSE20 share index shed 1.05% to close at 2,004.36 basis points. Equity turnover declined by 12% to KES 414.7 million. The day's top counters were Safaricom, EABL Plc and Equity Group Holdings Plc with turnovers of KES 168.4 million, KES 85.47 million and KES 57.1 million respectively. Foreign investors were net-buyers, accounting for 72.98% of the day's purchases and 49.57% of the day's net sales. The foreigners were net-buyers on Safaricom and held net selling positions on Equity group. The Secondary bond market turnover recorded a decline, with a turnover of KES 1.29 billion against the KES 3.05 billion worth of bonds traded on Tuesday. The number of deals declined to at 106. The Derivatives Market had 5 contracts worth KES. 101,750 transacted during Wednesday's trading session. The ABSA contract expiring on 17th September 2020 moved 2 contracts at KES 10.00. This is against the spot market price of KES 9.88.

INDEX MOVEMENTS

Index	Closing	% Change	% YTD
NASI	144.90	0.11	-12.93
NSE20	2,004.36	-1.05	-24.49
NSE25	3,340.23	0.39	-18.54
FTSE NSE25	190.09	-0.08	-17.17

MARKET DATA

Market Data	Today	Previous
Market Cap (KES, billions)	2,215.0	2,212.4
Turnover (KES, millions)	414.71	473.65
Volume (millions)	16.93	16.80
Foreign Buys (%)	72.98	66.80
Foreign Sales (%)	49.57	58.96

GOVERNMENT BONDS

GOK Bonds	Rates	Traded Yield	Value Traded (KES million)
FXD1/2019/5	11.3040	11.0500	200.00
FXD2/2018/10	12.5020	12.2000	300.00
IFB1/2020/9	10.8500	11.5068	143.50

Source: Faida Investment Bank

MOVERS

Movers	Volume (million)	Turnover (KES million)	VWAP (KES)
Safaricom Plc	5.44	168.40	30.95
East African Breweries Plc	0.50	85.47	171.75
Equity Group Holdings Plc	1.62	57.09	35.25



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Our Services

Originating and structuring Equity and Debt capital raising, IPOs, M&A transactions, Strategic Options advisory, PE advisory, Tax Advisory and other Corporate Finance Services.

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